

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 122 – HB 1035

March 17, 2017

SUMMARY OF BILL: Requires the Department of Health (DOH) to educate the public about the benefits of having cats and dogs spayed and neutered and to implement a mechanism for counties to apply for funds for the direct costs of spay-neuter surgeries for cats and dogs made available to low-income persons. Requires that 50 cents of the fee imposed on persons obtaining rabies vaccination certificates or tags for their cats and dogs from the DOH, \$10 of the additional fee imposed upon the sale or renewal of an Animal Friendly new specialty earmarked license plate, and any other funds available from appropriations by the General Assembly or from contributions and grants from public or private sources be deposited in the newly established Spay-Neuter Fund. Requires revenue in the Spay-Neuter Fund to be used as follows: 20 percent to develop and implement the statewide education program component of the spay-neuter program; up to 20 percent to defray the cost of administering the program; and remaining funds to be distributed quarterly for eligible counties and municipalities seeking reimbursement for reduced-cost spay-neuter surgeries made available to low-income persons.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$449,300/FY17-18 and Subsequent Years/
Spay-Neuter Fund**

**Decrease State Revenue – \$84,300/FY17-18 and Subsequent Years/
Animal Population Control Endowment Fund**

**Increase State Expenditures - \$77,400/FY17-18/Spay-Neuter Fund
\$73,100/FY18-19 and Subsequent Years/
Spay-Neuter Fund**

**Increase Local Revenue – Net Impact - \$287,600/FY17-18
\$291,900/FY18-19 and Subsequent Years**

Assumptions:

- Based on information provided by the DOH, the proposed legislation cannot be accommodated within existing resources. The DOH will need an additional full time employee to develop and implement the educational component and to oversee the awarding of grants.

- The one-time increase in state expenditures associated with the additional position is estimated to be \$4,300 (\$1,600 computer cost + \$2,700 office furniture).
- The recurring increase in state expenditures associated with the additional position is estimated to be \$73,139 (\$49,500 salary + \$15,139 benefits + \$7,900 administrative cost + \$600 supplies).
- The total increase in state expenditures is estimated to be \$77,439 in FY17-18 and \$73,139 in FY18-19 and subsequent years.
- Pursuant to Tenn. Code Ann. § 55-4-290, the funds produced from the sale of “Animal Friendly” new specialty earmarked license plates are to be deposited in a special fund in the general fund to be used exclusively for grants to non-profit organizations or governmental agencies to provide low-cost spaying and neutering of unsterilized animals to prevent and/or reduce animal overpopulation.
- Based on information provided by the Department of Revenue, Animal Friendly license plate sales and renewals have decreased approximately two to three percent per year since FY12-13. In FY15-16, 8,772 plates were sold or renewed. Assuming a similar decrease in subsequent years, it is assumed 8,425 plates will be sold or renewed in FY17-18. This number is assumed to remain constant in subsequent years.
- Under current law, pursuant to Tenn. Code Ann. §§ 55-4-290 and 55-4-215, revenue generated from sales of such plates is allocated as follows: 50 percent to Animal Population Control Endowment Fund (APCEF); 40 percent to the Tennessee Arts Commission; and 10 percent to the Highway Fund.
- It is assumed that the \$10 per plate reallocation will apply to funding that would otherwise be allocated to the APCEF. As a result, the recurring increase in revenue to the Spay-Neuter Fund and an equivalent recurring decrease in revenue to the APCEF are each estimated to be \$84,250 (\$10 x 8,425).
- The proposed legislation requires \$0.50 of the fee imposed on persons obtaining rabies vaccination certificates or tags for their cats and dogs from the DOH to be deposited into the Spay-Neuter Fund. However, the DOH currently does not charge a fee for the certificates or tags.
- It is assumed that, as a result of this bill, a \$0.50 fee will be added to other fees for the certificates or tags. Based on information provided by DOH, the recurring increase in revenue to the Spay-Neuter Fund from the additional \$0.50 fee is estimated to be \$365,000.
- The amount of funding, if any, that will be available from appropriations from by the General Assembly or from contributions and grants from public and private sources is unknown. For the purposes of this fiscal analysis, it is assumed that the total recurring increase in revenue to the Spay-Neuter Fund will be \$449,250 (\$84,250 + \$365,000).
- Of this amount, \$77,439 in FY17-18 and \$73,139 in FY18-19 and subsequent years will be used to offset the cost of the additional position required to develop, implement, and administer the program.
- The remaining funds, or \$371,811 in FY17-18 (\$449,250 - \$77,439) and \$376,111 in FY18-19 and subsequent years (\$449,250 - \$73,139) will be used for distribution to eligible counties and municipalities for reimbursement for reduced-cost spay-neuter surgeries made available to low-income persons.
- However, \$84,250 in funding that is being transferred from the APCEF to the Spay-Neuter Fund as a result of this bill is assumed to be currently utilized for grants to non-

profit organizations or governmental agencies to provide low-cost spaying and neutering of unsterilized animals.

- As a result, the net increase in local government revenue is estimated to be \$287,561 in FY17-18 (\$371,811 - \$84,250) and \$291,861 in FY18-19 and subsequent years (\$376,111 - \$84,250).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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